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**FISCAL YEAR 2015
CHILD AND ADULT CARE FOOD PROGRAM
FAMILY DAY CARE HOME SPONSORS MEMORANDUM #28**

TO: Family Day Care Home Sponsors

FROM: Marla J. Moss, Director
Office of School Support Services

DATE: July 22, 2015

SUBJECT: Monitoring Requirements for Sponsors of Centers and Homes

Sponsors in the Child and Adult Care Food Program (CACFP) must follow regulatory requirements for monitoring of centers and homes (facilities) as follows:

- each facility must be reviewed three times per year
- at least two of the three reviews must be unannounced
- at least one unannounced review must include a meal or snack observation
- at least one review must be made during each new facility's first four weeks of operation
- not more than six months may elapse between reviews

Review Averaging

Sponsors are allowed to "average" their reviews of facilities. The intent of this change is to permit sponsors to focus their review efforts on facilities that are more likely to commit errors (i.e., newer facilities and facilities with a history of operational problems). The sponsor must inform the Michigan Department of Education (MDE) that it will utilize the "review averaging" option and must describe how it plans to implement it.

Sponsors electing this option must conduct the same total number of annual reviews (three times the number of facilities they sponsor) as before, but may arrive at that number by reviewing some facilities twice a year, and other facilities more than three times per year. However, each facility must receive two unannounced reviews per year.

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Monitoring Review Content Requirements

Per 7CFR226.16(d)(4)(i)-(iii), reviews of facilities by sponsoring organizations must include an assessment of the facility's compliance with the Program requirements pertaining to:

- the meal pattern
- licensing
- attendance at training
- meal counts
- menu and meal records
- the annual updating and content of enrollment forms (if the facility is required to have enrollment forms on file)

Additional oversight includes:

- the continued correction of past problems
- a five-day meal count reconciliation

The sponsoring organization must assess whether the facility has corrected problems noted on previous reviews, and there must be a reconciliation of the facility's meal counts with enrollment and attendance records for a five-day period. Reviews must examine the meal counts recorded by the facility for five days during the current and/or prior claiming period. For each day examined, reviewers must use enrollment and/or attendance records to determine the number of children in care during each meal service and attempt to reconcile those numbers to the numbers of breakfasts, lunches, suppers, and/or snacks recorded in the facility's meal count for that day. Based on that comparison, reviewers must determine whether the meal counts were accurate. If there is a discrepancy between the number of children enrolled or in attendance on the day of review and prior meal counting patterns, the reviewer must attempt to reconcile the difference and determine whether the establishment of an overclaim is necessary.

Varied Timing of Unannounced Reviews

Sponsors must vary the timing of unannounced reviews so they are unpredictable to sponsored facilities. Unannounced reviews are an effective tool in ensuring program integrity. They give sponsors the opportunity to document how the facility operates on any given day and to offer technical assistance. In addition, they offer a first-hand opportunity to detect and identify areas of mismanagement, such as inaccurate meal counts, problems with recordkeeping, and menu and enrollment discrepancies. Sponsors can then initiate immediate corrective action.

However, unannounced reviews that follow a consistent pattern (for example, unannounced reviews that always occur during the third week of January, the third week of May, and the third week of September, or reviews that never occur during the first week of the month when claims are being processed) undermine the intent of the Program's unannounced review requirements. Sponsors are less likely to uncover management deficiencies and Program abuse if facilities can anticipate when their "unannounced" sponsor review is due to occur. Therefore, sponsors now must ensure that the timing of unannounced reviews is varied in a way that would ensure they are unpredictable to the facility.

“Three Times per Year” Requirement

Sections 226.16(d)(4)(i) and 226.16(d)(4)(ii) establish the requirement that each sponsored center and each day care home must be reviewed three times each year. The minimum review requirements when a facility begins CACFP participation near the end of the sponsor’s review cycle are slightly different.

As an example, if a sponsor used the fiscal year (FY) as its normal review cycle, how many reviews would a sponsor be required to conduct if a day care home began participation on August 29? The answer is “once in the current FY and three times in the next FY”, because the first review requirement would require the sponsor to review the home within its first four weeks of operation (i.e., by September 29). The “normal” three times a year requirement for this home would commence with the new review cycle in the next FY.

Other Variations on “Three Times per Year”

There are, of course, many other scenarios that could occur. To cite two of the more common examples, a home may begin participating in CACFP six months into the review cycle, or a sponsored Head Start center may regularly participate for only nine months each year. In these less typical cases, the following should be used as a guideline:

- if facility operates 10 months or more:
 - Must be reviewed at least three times per fiscal year
 - At least two of the three reviews must be unannounced
 - At least one unannounced review must include a meal or snack observation
- if facility operates 4 to 9 months:
 - Must be reviewed at least two times per fiscal year
 - At least one of the two reviews must be unannounced
 - The unannounced review must include a meal or snack observation
- if facility operates less than 4 months:
 - Must be reviewed at least one time per fiscal year
 - The review must be unannounced
 - The review must include a meal or snack observation
- at least one review must be made during each new facility’s first four weeks of operation
- not more than six operating months may elapse between reviews

Monitoring Staffing Standards

Center sponsors are required to devote one full-time equivalent (FTE) staff member for monitoring every 25-150 centers. Sponsors of homes must have staff equal to one FTE for every 50-150 home sites. FTE is the amount of work that one person, working full-time (40 hours per week) would perform in a year.

Persons called “monitors” often perform both monitoring and non-monitoring duties. In addition, supervisory, management, or administrative staff may spend a portion of their time dealing with monitoring-related issues.

The sponsor's compliance is determined mathematically by adding up all the staff time spent on the monitoring function as listed on budget worksheets and dividing that number into the number of facilities the sponsor administers. MDE strongly recommends that job descriptions include the percentage of time each staff person devotes to monitoring-related activities.

Often, sponsors actually operate CACFP in fewer facilities than the total number of homes and centers with which they have agreements. Each sponsor should determine the average number of facilities that were *claimed* in the previous fiscal year. That number will determine the number of required monitoring FTE's. It is possible that MDE could increase the FTE requirement for a particular sponsor, due to other circumstances such as the geographic dispersion of facilities (i.e., one FTE for each 100 facilities).

Staffing standards that MDE considers include:

- the geographic location of facilities (rural, urban, or both)
- the geographic dispersion of facilities (clustered in a particular area or widely scattered)
- previous CACFP review results
- the experience level of providers and monitors

Monitoring-related activities include:

- monitoring: all activities related to conducting on-site reviews including planning and scheduling, pre-review preparation, travel, supervisory oversight of monitors, writing review reports, conducting follow-up reviews, and activities related to the serious deficiency process
- parental contacts: conducting parent contacts or parent surveys to help determine the validity of a provider's claim
- on-site/other training: all on-site training that occurs during a facility review
- technical assistance: if provided during a review
- claims processing: menu reviews to determine claim accuracy and meal eligibility

All time spent in the facility during a review is considered monitoring-related.

Non Monitoring-related activities include:

- facility eligibility: day care home tiering determinations, facility licensing status, facility applications and agreements
- program outreach: recruitment/retention activities
- initial and annual training
- technical assistance: if provided over phone
- claims processing/claim reimbursements
- enrollment paperwork

For questions regarding this memorandum, contact the CACFP office at (517) 373-7391.